

**Department of Legislative Services**  
 Maryland General Assembly  
 2004 Session

**FISCAL AND POLICY NOTE**

Senate Bill 875

(Senator Stoltzfus)

Finance

**Intermediate Care Facilities for Individuals with Developmental Disability -  
 Freedom of Choice**

This bill requires the Developmental Disabilities Administration (DDA) to provide an individual with developmental disabilities with the option of receiving services from a State residential center from a less restrictive community-based provider.

**Fiscal Summary**

**State Effect:** Department of Health and Mental Hygiene (DHMH) expenditures could increase by \$3.8 million in FY 2005 (54% general funds/46% federal funds). Future year expenditures reflect annualization and inflation. No effect on revenues.

(\$ in millions)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	2.1	6.4	6.6	6.8	7.0
FF Expenditure	1.7	5.3	5.5	5.7	5.8
Net Effect	(\$3.8)	(\$11.7)	(\$12.1)	(\$12.4)	(\$12.8)

*Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** Significant reduction in revenues for community-based service providers for developmentally disabled individuals.

## Analysis

**Current Law:** It is the State's policy to place individuals with developmental disabilities with community-based providers, rather than in institutions, so that these individuals can live in surroundings as normal as possible. An individual can be admitted to a State residential center only if the individual has mental retardation, needs residential services, and there is no less restrictive available setting in which the needed services can be provided.

**Background:** A developmental disability is a condition attributable to a mental or physical impairment that results in substantial functional limitations in major life activities and which is likely to continue indefinitely. Examples include autism, blindness, cerebral palsy, deafness, epilepsy, mental retardation, and multiple sclerosis. DDA provides direct services to these individuals in four State residential centers and through funding of a coordinated service delivery system that supports the integration of these individuals into the community.

The emphasis on community placement has been reinforced by the Supreme Court's ruling on *L.C. v. Olmstead* (119 S.Ct. 2176). The court ruled that, according to the Americans with Disabilities Act, no person may be required to live in an institution if able to live in the community with appropriate support. DDA accelerated the process of deinstitutionalization in response to the court's ruling, though the administration had been moving individuals from the State residential centers to the community for nearly 20 years. The average daily census at the State residential centers is expected to decline by 116 individuals from fiscal 2001 to 2005, a 23% reduction. The census at the State residential centers is distributed among four centers, spreading costs over a dwindling population. This shift has caused the average cost of institutionalizing individuals in the State residential centers to increase almost 40% over the last four years.

**State Expenditures:** Expenditures could increase by an estimated \$3.8 million (\$2.1 million general funds, \$1.7 million federal funds) in fiscal 2005, which accounts for four months of expenditures in the first year. DDA assumes that it would take longer than the usually assumed three-month start-up delay for the caretakers of individuals with developmental disabilities to come forward and seek placement for the developmentally disabled person in a State residential center. The information and assumptions used in calculating the estimate are stated below:

- 64 admissions to State residential centers (1% of 6,445 individuals on a waiting list for community-based residential services);
- a \$177,692 average annual cost per resident at a State residential center; and

- 45.58% of expenditures covered by federal funds.

Future years reflect a stable number of individuals in State residential centers and 3% annual inflation.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene, Department of Legislative Services

**Fiscal Note History:** First Reader - March 22, 2004  
ncs/jr

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